

Message Text

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44

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NEA-06 EB-03 NSC-10 NSCE-00

CIAE-00 INR-10 NSAE-00 RSC-01 CIEP-02 PM-03 DODE-00

L-02 OMB-01 TRSE-00 SCEM-01 PRS-01 EUR-10 COME-00

OPIC-01 SCA-01 SCS-01 DRC-01 /073 W

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FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 0542

INFO AMEMBASSY BONN

C O N F I D E N T I A L TRIPOLI 1192

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: OIL NATIONALIZATIONS: QUESTIONS ABOUT THE FUTURE

1. ASSUMING THAT ONE OR MORE OF THE MAJORS IS OUT OF LIBYA IN THE NEAR FUTURE, WE CAN EXPECT LARG TO TRY TO OBTAIN SUBSTITUTE OPERATORS. IF THESE OPERATORS ARE MINOR CONCESSION-HOLDERS, THEY WILL APPARENTLY BE OFFERED ABOUT THE SAME TERMS AS OASIS. IF NOT, WE WOULD ASSUME THEY WOULD BE OFFERED DEALS TO ACT SOLELY AS SERVICE COMPANIES UNDER THE NOC. FINALLY THE NOC ITSELF MAY ATTEMPT TO OPERATE THE MAJORS' FIELDS AND PORTS BY USE OF A MASSIVE INTAKE OF EXPATRIATE PERSONNEL.

2. UNDERSTAND FROM GERMAN EMBASSY THAT LAST WEEK GELSENBERG REP SCHUBERT WAS OFFERED OASIS-TYPE TERMS FOR OPERATING MOBIL FACILITIES IN LIBYA, BUT THAT SCHUBERT PROTESTED THE TERMS WERE TOO ONEROUS AND THAT ANYWAY GELSENBERG NOT QUALIFIED FOR SUCH A MAJOR OPERATING RESPONSIBILITY.

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3. WE ARE NOT SURE WHETHER GRACE PETROLEUM HAS

RECIEVED SIMILAR OFFER RE ESSO FACILITIES (LESS LNG
L.NT) BUT CAN SAY THEY APPEAR TO BE DEFINITELY

INTERESTED IN SUCH A DEAL, JUDGING FROM REMARKS TO US
SEPT 13 BY VISITING VP MCMILLAN. HIS BASIC IDEA
WAS THAT HALF A LOAF IS BETTER THAN NOTHING. HE ASKED
ABOUT SAFETY OF AMERICANS HERE, ETC. TOLD HIM ABOUT
DIFFICULT CONDITIONS FOR AMERICANS BUT EMPHASIZED
MAIN CONSIDERATION SHOULD AND PROBABLY WOULD BE
INVESTMENT CLIMATE. IN OUR VIEW THE LAR IS NOT A
COUNTRY WHERE ANY AMERICAN SHOULD BE ADVISED TO INVEST
A NICKEL. ON TOP OF THAT, OPERATING PROBLEMS
DUE TO COMMITTEE INTERFERENCE, BUREAUCRATIC HARASSMENT
AND RCC WELCHING ON PREVIOUS AGREEMENTS, COULD ONLY BE
DESCRIBED AS ALMOST IMPOSSIBLE EVEN FOR ESTABLISHED
COMPANIES THAT KNOW THE ROPES. MCMILLAN THANKED US FOR THE
ADVICE BUT TENDED TO MINIMIZE THE DIFFICULTIES TO BE EXPECTED
AND
LEFT THE IMPRESSION GRACE PETROLEUM MAY IN DUE COURSE
RISK SOME INVESTMENT HERE "IN ORDER TO STAY IN THE
OIL BUSINESS, BECAUSE IT AMOUNTS TO THAT."

4. DID NOT GET ONTO SUBJECT OF LEGAL PROBLEMS A
COMPANY SUCH AS GRACE MIGHT ENCOUNTER BEFORE THE COURTS BY
REPLACING A MAJOR HERE. ASSUME THAT USG SHOULD AS USUAL
REMAIN ESSENTIALLY NEUTRAL IN A DISPUTE OR POTENTIAL
DISPUTE BETWEEN TWO AMERICAN COMPANIES, AND THAT OUR
SUPPORT FOR THE AMERICAN MAJORS IN THEIR DISPUTE WITH
LIBYA DOES NOT NECESSARILY EXTEND TO HELPING PROTECT
THEIR REAR AGAINST THE AMERICAN INDEPENDENTS. HOWEVER,
WOULD WELCOME DEPT GUIDANCE OR REFINEMENT ON THIS
MATTER, AS IT SEEMS LIKELY TO ARISE SOONER OR LATER
IN PERHAPS SEVERAL SPECIFIC CASES.
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